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In the Supreme Court
OF THE
United States

OCTOBER TERM, 1962

No. [redacted] 109

WILBUR-ELLIS COMPANY, et al., *Petitioners,*

vs.

MAX K. KUTHER, *Respondent.*

PETITION FOR A WRIT OF CERTIORARI
to the United States Court of Appeals for the Ninth Circuit

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PERNAU-WALSH PRINTING CO., SAN FRANCISCO

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Petitioners pray that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Ninth Circuit entered in the above-entitled case on January 29, 1963, a copy of said judgment being appended hereto as Appendix A.

CITATIONS TO OPINIONS BELOW

The opinion of the United States Court of Appeals for the Ninth Circuit and the dissenting opinion of Judge

Merrill of the United States Court of Appeals for the Ninth Circuit are reported at ___ F.2d ___ and at 136 USPQ 332, copies of said opinions being appended hereto as Appendix B.

The opinion of the District Court is reported at 200 F. Supp. 841 and at 131 USPQ 463. The opinion of the District Court appears in the record printed for the use of the Court below, at pp. 15-26.

JURISDICTION

The date of the judgment of the Court of Appeals was January 29, 1963, and said judgment was entered on January 29, 1963.

Jurisdiction is conferred upon this Court to review the judgment of the Court of Appeals by writ of certiorari by the United States Code, Title 28, Section 1254(1).

QUESTIONS PRESENTED

1. Whether the Court of Appeals could confer patent monopoly over some unpatented replacement parts, which together constituted substantially less than the overall combination of parts making up the patented entity, in view of the following statement by the Court in *Aro Manufacturing Co., Inc., et al. v. Convertible Top Replacement Co., Inc.*, 365 U.S. 336:

> "No element, not itself separately patented, that constitutes one of the elements of a combination patent is entitled to patent monopoly however essential

it may be to the patented combination, and no matter how costly or difficult replacement may be."

2. Whether the conferring by the Court of Appeals of patent monopoly over some unpatented replacement parts is authorized by Article I, Section 8 of the Constitution when said unpatented replacement parts do not amount, either singly or all together, to the discovery of an inventor.

3. Whether this Court in *Aro*, supra, inferentially affirmed (as contended by the Court of Appeals below) that the replacement of substantially less than all of the separately unpatented parts of a patented combination, or entity, by one rightfully in possession of the entity amounts to infringement of the patent covering the entity when the parts so replaced differ in size from the original parts.

4. Whether, on the one hand, it constitutes patent infringement to replace substantially less than the entirety of the separately unpatented parts of a patented combination where the replacement parts are different in size from the original parts, while, on the other hand, and as admitted by the Court of Appeals, it would not have constituted patent infringement if the replacement parts were similar in size to the original parts.

5. Question No. 4 above, in view of the state of the record before this Court in *Aro, supra*, e.g.:

"Q. I believe we can get into this question of installation later on, but to revert for the moment to something you did say, you said that no trim man would take the time or the trouble to install one of

your tops the same way that it had been installed in the factory?

"A. Another correction. He could not install it like the factory because we don't make it the same way." (R. Vol. III, p. 630)

CONSTITUTIONAL PROVISION INVOLVED

The Congress shall have power—To Promote the Progress of Science and Useful Arts by securing for limited Times to Authors and Inventors, the exclusive Right to their respective Writings and Discoveries. U.S. Const., Art. I, Sec. 8.

STATUTORY PROVISIONS INVOLVED

35 U.S.C. Section 112, insofar as it is pertinent, reads as follows:

"The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." (United States Code Annotated, Title 35, Patents, Sections 111 to 265, p. 4)

35 U.S.C. Section 271, insofar as it is pertinent, reads as follows:

"(a) Except as otherwise provided in this title, whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent." United States Code Annotated, Title 35, Patents, Sections 266 to End, p. 17)

35 U.S.C. Section 282, insofar as it is pertinent, reads as follows:

"The following shall be defenses in any action involving the validity or infringement of a patent and shall be pleaded:

(1) Noninfringement, absence of liaiblity for infringement, or unenforceability," (United States Code Annotated, Title 35, Patents, Sections 266 to End, p. 37)

STATEMENT

Respondent, Kuther (plaintiff-appellee below), is the owner of United States Letters Patent No. 2,452,666 for Fish Canning Machine.

A number of machines covered by this patent were manufactured and sold under authorization of the respondent. Among these machines were the four machines rightfully acquired and owned by the Petitioner, Wilbur-Ellis Company. Respondent had been paid a royalty of $1,500.00 for each of these four machines prior to their acquisition by Wilbur-Ellis Company.

As originally constructed these four machines operated to pack fish into cans which were 3 inches in diameter and 4-11/16 inches high.

Three of the four machines had been exposed to the weather, thus causing them to be rusted and inoperative in the condition in which they were acquired by Wilbur-Ellis Company. The fourth machine was also inoperative in the condition in which it was acquired by Wilbur-Ellis Company.

Petitioner, Wilbur-Ellis Company, hired Petitioner, to put the machines in condition so they would operate and also to re-size six of the thirty-five elements which,

said the Court of Appeals, when combined together made up the patented combination, or entity. The re-sizing of these elements was for the purpose of enabling the four machines to operate to pack fish into smaller cans, i.e., cans 2½ inches in diameter and 3½ inches long.

Both the District Court and the Court of Appeals, the latter by a two to one decision, held that if the work done by Leuschner to put the four machines into operating condition had not involved the re-sizing of the six elements there would have been no infringement by way of reconstruction. But, said both of the courts below, infringement by way of reconstruction resulted when the six original elements were re-sized. Both of the courts below agreed that if the six re-sized elements had instead been replaced with new elements corresponding in size to their original counterparts there would have been no infringement, but only permissible repair.

The majority and dissenting opinions of the Court of Appeals each rely on the opinion of this Court in *Aro*, supra.

The Court of Appeals did not mention the constitutional problem. The attention of the Court of Appeals was not directed by the Petitioners to this constitutional problem.

The basis for federal jurisdiction in the court of first instance was afforded by the patent laws of the United States (35 U.S.C. Section 281) and the jurisdictional provisions [28 U.S.C. Section 1338(a)] appertaining to civil actions for patent infringement.

REASONS FOR GRANTING THE WRIT

1. The United States Court of Appeals for the Ninth Circuit has decided an important question of federal law in a manner which defeats the policy of this Court of facilitating resistance to patent abuse and of striking down attempts to extend patent monopolies by way of attempts to obtain more than one royalty per patented item, and in deciding this important question of federal law the majority below has misinterpreted and misapplied this Court's recent decision in *Aro Manufacturing Co., Inc., et al v. Convertible Top Replacement Co., Inc.*, 365 U.S. 336.

2. Any case where a lower court fails to follow the announced and reiterated policy or rule of decision of this Court is one which requires review and correction to instill in lower courts the understanding that the powers vested in this Court under Article III of the Constitution as the highest appellate court necessarily create duties in the lower courts to follow the announced policies or rules of decision of this Court.

3. To construe 35 U.S.C. Section 271(a) as conferring patent monopoly over the separately unpatented canning machine parts which were replaced by Petitioners in the sense of being re-sized is an unconstitutional construction of the statute because the exclusive right for a limited time which the Constitution authorizes Congress to grant is limited to the discovery of an inventor. The unpatented parts which were replaced in the sense of being re-sized do not, either singly or collectively, amount to the discovery of an inventor. It is an anomaly requiring the corrective attention of this Court for the Court of Appeals

to have held, in effect, that the respondent had no patent monopoly in the six out of thirty-five parts constituting the patented entity except where the six parts were different in size from, although similar in function to, their six original counterparts.

4. In *Mercoid Corp. v. Mid-Continent Co.*, 320 U.S. 661 (1944), this Court held that the scope of the patent grant conferred upon the owner of a combination patent does not embrace an unpatented appliance, even though it is an essential part of the combination. If *Mercoid* forbids the patentee from exercising patent monopoly over an unpatented element for original installation in a patented combination, it follows that *Aro* should have left no doubt that the patentee has no right to patent monopoly over an unpatented element for replacing a spent one in the patented combination, regardless of whether the unpatented element is the same or different as to size with respect to the spent element. To sanction such control would be to permit the patentee "to derive its profit not from the invention on which the law gives it a monopoly, but from the unpatented supplies" necessary for its continued use or operation.

If there is anything that this Court made clear in *Mercoid*, supra, it is that the combination patent monopoly cannot be expanded to cloak an unpatented element of the combination with protection as effective as if a patent had been issued on that element.

5. Although the court below did not discuss the constitutional issue, it is respectfully submitted that the construction of 35 U.S.C. 271(a) which inheres in the decision by the court below is unconstitutional because the

Constitution gives Congress the power to confer exclusive rights in only the discovery of the inventor. It has long been recognized that what is discovery of an inventor is a constitutional standard (*Hill v. Wooster*, 132 U.S. 693, 701; *Thompson v. Boisselier*, 114 U.S. 1, 11). Mr. Justice Jackson, dissenting in *Mercoid*, said: "I see no constitutional or statutory authority for giving * * * additional value by bringing into its monopoly all or any of the unpatentable parts." The six out of the total of 35 parts making up the patented entity which were replaced in the sense of being re-sized are not, either singly or collectively, the discovery of the inventor, the respondent.

6. Mr. Justice Black properly observed in his concurring opinion in *Aro*, supra, that business enterprises which engage in the making and selling of smaller parts for larger products for repair or replacement purposes are of great importance in our competitive economy; that the operators of such business enterprises are entitled to know when they are committing an infringement; that it is for that reason that the patent statutes require applicants to define with particularity and claim without ambiguity the subject matter which is regarded to be an invention; and that in the absence of suits like *Aro* how was a businessman to suspect that he might be infringing a patent by marketing an unpatented and unpatentable part of a patented combination. The subject case, on principle, has the type of importance in this sense presented by *Aro*, in that if the decision of the Court of Appeals is permitted to stand, dangerous inroads will have been made against the anti-monopoly pronouncements of this Court, as in *Mercoid* and in *Aro*, with reference to

the scope of monopoly afforded by patent claims directed to combinations.

CONCLUSION

It is respectfully submitted that in view of the foregoing the granting of the subject petition is in order. It is further submitted that it would be particularly timely to grant the subject petition at this time so that the questions presented could be considered along with the questions presented in the latest petition for a writ of certiorari in *Aro*, said latest petition in *Aro* having been granted by this Court on April 1, 1963. These two petitions for writ of certiorari, the one granted on April 1, 1963 in *Aro* and the other being the subject petition, afford this Court the opportunity to thwart the tendencies of the lower federal courts to avoid paying heed to the anti-monopoly policy mandates of this Court with reference to the proper scope and protection afforded by patent claims directed to combinations of elements.

Dated, San Francisco, California,
April 12, 1963.

Respectfully submitted
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Of Counsel.

(Appendices A and B Follow)

Appendix A

Judgment
United States Court of Appeals
For the Ninth Circuit

Alfred Leuschner, an individual, Doing Business Under the Name and Style of Al's Machine Shop; and Wilbur-Ellis Company, a Corporation, Appellants, vs. Max K. Kuther, an Individual, Appellee.	No. 17,756

Appeal from the United States District Court for the Northern District of California, Southern Division.

This Cause came on to be heard on the Transcript of the Record from the United States District Court for the Northern District of California, Southern Division, and was duly submitted.

On Consideration Whereof, It is now here ordered and adjudged by this Court, that the judgment of the said District Court in this Cause be, and hereby is affirmed.

Filed and entered January 29, 1963.

Appendix B

United States Court of Appeals
for the Ninth Circuit

Alfred Leuschner, an individual, Doing Business Under the Name and Style of Al's Machine Shop; and Wilbur-Ellis Company, a Corporation, Appellants, vs. Max K. Kuther, an Individual, Appellee.	No. 17,756 Jan. 29, 1963

Appeal from the United States District Court
for Northern District of California,
Southern Division

Before: JERTBERG and MERRILL, Circuit Judges, and PENCE, District Judge.

PENCE, District Judge:

Appellee, Kuther (plaintiff below), was the owner of a patented fish canning machine. All machines manufactured with the authority of the patentee were made solely to pack fish into one-pound size cans, 3 inches in diameter and 4-11/16ths inches high. The four machines involved here, when new, sold for between $8,000 to $10,000, and appellee was paid a royalty of $1,500 per machine. The

machines were designed to pack small fish such as sardines, and because of their construction and mode of operation would be useless to pack large fish such as salmon. As the patented machines were manufactured, whole small fish were delivered to small, open-top, U-shaped fish receivers in such a manner that the fish headed half in one direction and half in the other, so that the fish would be interlaced when packed in the can. A compressor moved into the U-shaped fish receiver so that the interlaced fish formed a cylinder having a diameter slightly less than the can into which they were to be packed. A plunger then forced the cylinder of fish from the receiver into the can.

Wishing to can smaller sardines into smaller cans than those for which the patented machines had been built, Wilbur-Ellis Company, one of the appellants (and a defendant below), bought four secondhanded machines. Three of the four machines had been inoperative since 1952 and had been left standing in an old packing plant until 1958, uncared for, and exposed to rain and salt air, so that they had become corroded and frozen solid to the extent that they were inoperable when purchased. The fourth machine as originally built was the same as the three above described. All the machines as built were not adjustable, but were designed to pack fish into the one-pound size cans, exclusively.

Wilbur-Ellis first approached Kuther to rebuild the machines for packing half-pound cans, but he had replied: "Well, it's too much work; and it is no use for me to fool around." So, thereafter, without securing Kuther's consent, Wilbur-Ellis hired Leuschner, another appellant (and

a defendant below), to put the machines in shape to can fish in the can size desired by Wilbur-Ellis.

To do this, Leuschner had to clean and sandblast the corrosion from the machines to make them operable, and replace certain can supports which, although normally as long-lived as the machine, had rusted away. Certain plungers, originally designed of a diameter for one pound cans, were so corroded that they could be rendered operable only if they were replaced or were ground down, which grinding would reduce their diameter so that the plungers would no longer be operable for their original purpose, i.e., to force the cylinder of fish into one pound cans. Under the direction of Wilbur-Ellis, Leuschner ground down the plungers and fitted inserts into certain pockets and compressors to change and reduce their original size so that they could be used for packing smaller cans. He also changed certain other parts of the machine, including the guide rails for the cans after they were filled with fish, so that the rails would handle only five ounce cans, which were but 2⅛ inches in diameter and 3½ inches long.

Leuschner, on instructions of Wilbur-Ellis, altogether made six changes in the thirty-five elements which, combined together, made up the patented fish canning machine. As to the rest of the different elements of the machine, no changes were made as to either size, position or replacement. Of the six changes, the can tracks, plungers, receivers and compressors were rusted or corroded to the point that their replacement was called for if the machines were to be made operable as originally built, i.e., to pack one pound cans. Instead of replacement with

parts of the original size, each such element was reduced in size or so changed that the machine could thereafter be used only in packing the five-ounce size can desired by Wilbur-Ellis.

Kuther, as owner of the patent monopoly, thereafter brought suits for infringement against Wilbur-Ellis, as well as Leuschner. The District Court in a well-reasoned opinion found such infringement, and gave judgment for Kuther (and against both defendants, jointly and severally) for $6,000, i.e., $1,500 per machine—that being the royalty he normally received from the sale of machines manufactured under license by him.

The arbitrary refusal of Kuther to rebuild the machines gave Wilbur-Ellis no right to do such rebuilding themselves. It is well settled that it is the exclusive privilege of the owner of a patent monopoly to permit the use of his patent or deliberately keep his invention out of use during the life of the patent, regardless of his motive. *Paper Bag Patent Case*, 210 U.S. 405.

As was first stated in *Wilson v. Simpson*, 9 How. 109, 123 (1850), it is the use of the whole patented combination which a purchaser buys, and repair or replacement of a worn-out, damaged or destroyed part which renders the combination inoperable is but an exercise of the right "to give duration to that which he owns, or has a right to use as a whole," and it is permissible to restore the machine to the original use for which it was bought. This rule was reaffirmed in *Aro Mfg. Co. v. Convertible Top Co.*, 365 U.S. 336 (1961), the Court holding that the patentee's monopoly cannot and does not prevent those to whom the patented machine is sold from reconditioning

articles worn by use unless in fact they make a new article (p. 348). "In order to call the monopoly, conferred by the patent grant, into play for a second time, it must, indeed, be a second creation of the patented entity . . ." (p. 346).

Weighed on the above scales, the work performed by the appellants on the machines was not simply "maintenance of the 'use of the whole' of the patented combination through replacement (and repair) of a spent unpatented element," but was such "a true reconstruction of the entity as to 'in fact make a new article'." *Aro v. Convertible Top, supra*, 346. The record is crystal clear that appellants made no attempt simply to replace worn-out parts in order to make the machines operate as originally manufactured. They deliberately modified and changed the machines in six different particulars in order to make each machine fit Wilbur-Ellis' own specific purposes, viz., the packing of five ounce rather than one pound cans of fish. Granting that appellants had the right to repair and patch each part of the fish canning machines which they bought and paid for to make the machines last as long as possible. (*Cf. Aro, etc.* 357), such right did not entitle them to use that patented combination in making over the machines into fundamentally different machines from those which Wilbur-Ellis purchased, i.e., to "make a new article."

The appellants went beyond the limits of preservation of a machine's fitness as laid out in *Leeds & Catlin Co. v. Victor Talking Machine Co. (No. 2)*, 213 U.S. 325, 336, viz.: "The license granted to a purchaser of a patented combination is to preserve its fitness for use so far as it

may be affected by wear or breakage. Beyond this there is no license."

Appellants insist, however, that theirs was not an unauthorized reconstruction of the machines, but rather that, in the course of exercising their right of repair (without making any changes in the operating procedure of the machine), they did but modify each machine to pack a smaller size can, and that change in size alone does not normally constitute reconstruction. In justification of their position, they rely upon *Hess-Bright Mfg. Co. v. Bearings Co. of Pennsylvania*, 271 Fed. 350, (D.Ct. Pa.1921), and *Tabulating Machine Company v. Durand*, (Sup.Ct. D.C. 1910) 150 Official Gazette. Appellants urge that, as was done in the *Hess-Bright case, supra*, in order to render the plungers operable, it was necessary to grind them down to a smaller diameter, thereby making it impossible for the machines to pack the one pound can, and rendering the machines usable only for handling the small, five ounce cans, and that similarly, the receivers and compressors could be salvaged only by fitting inserts which would minimize their original size. Appellants also insist that since the only change in the patented combination, resulting from their "repairs," pertain solely to size of the can which the machine would ultimately handle, they were authorized to do so under authority of the statement made in *Tabulating Machine, etc., supra:* "I don't understand . . . that invention ever resides in the size of a machine alone."

The *Hess-Bright* and *Tabulating Machine* cases were each single judge decisions, and in each, the line of demarcation between repairs and making over was very thin.

The result in each was reached on the peculiar set of facts presented. Whatever slight virility the dicta in each case, viz., that the identity of the invention is not lost by a change in size, may have had, it has been emasculated by *George Close Co. v. Ideal Wrapping Mach. Co.*, 29 F.2d 533, 535 (C.A.1 1928), *Miller Hatcheries, Inc. v. Buckeye Incubator Co.*, 41 F.2d 619 (C.A.8 1930) and *Cinema Patents Co. Inc. v. Columbia Pictures Corporation*, 62 F.2d 310 (C.A.9 1932). Cf. also *National Cash Register Co. v. Grobet*, 153 F. 905 (C.A.2 1907). The rule (as stated in *Close v. Ideal, supra*, dealing solely with the problem of a change in size of a patented combination) that the sale of a machine embodying the invention, while carrying the right to use the invention, does not give to the purchaser the right to rebuild the purchased machine into other machines embodying the patent invention, is inferentially affirmed by *Aro, etc., supra.*

Here the appellants did not simply repair Kuther's patented machines, they reconstructed, rebuilt and modified each to suit Wilbur-Ellis' desires. In so doing, they embodied therein Kuther's patented combination, thus clearly infringing upon Kuther's patent monopoly.

The judgment of the District Court is affirmed.

MERRILL, Circuit Judge, dissenting

I cannot agree that the fact that these machines as restored wound up operating on five ounce cans instead of one pound cans has, apart from other considerations, resulted in a destruction of their original identity and the creation of new machines. The question to me should be whether the alterations necessary in order to accomplish

this result were of such a character as to amount to reconstruction under recognized tests such as those discussed in Aro Manufacturing Company v. Convertible Top Company, 1961, 365 U.S. 336.

The district court has not found on these matters. Its consideration was limited to the question, as stated in its opinion, "Whether it is infringement for the possessor of a patented combination designed to pack one pound cans only, to so change essential parts that the machine will pack five ounce cans only."

Here it would appear that the replacements did not newly create a patented combination, but that they simply bore on the useful capacity of the old combination on which royalty had already been paid—the very combination which by sale had been released from monopoly.

It is apparrent from the opinion of the district court that it was concerned with the patentee's right to refrain from manufacture of machines to handle other sizes or for other purposes. If the patentee has commercial concern with the sort of use to which the machine (or combination) is to be put, he can and should protect himself by the commercial arrangement by which the patent is released. If released by sale, the combination sold should, in my view, be regarded as released in all its full usefulness until that usefulness is spent.

For these reasons, I would reverse.

(Endorsed) Opinion and Dissenting Opinion Filed January 29, 1963.

Frank H. Schmid, Clerk.